

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AUXIER ROAD GAS COMPANY)	
)	
COMPLAINANT)	
VS.)	CASE NO. 92-285
)	
COLUMBIA GAS OF KENTUCKY)	
)	
DEFENDANT)	

O R D E R

On July 10, 1992, Auxier Road Gas Company ("Auxier") filed a complaint with this Commission against Columbia Gas of Kentucky, Inc. ("Columbia") alleging that Columbia had been improperly billing Auxier since February 1, 1992 and that it refused to serve Auxier pursuant to its Mainline Delivery Service Tariff. In its answer of July 24, 1992, Columbia generally denied Auxier's allegations. A hearing was held on October 14, 1992 with briefs filed November 20, 1992.

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that as of May 1, 1992 Auxier should have been billed pursuant to an Interruptible Sales Service Agreement pursuant to Columbia's Mainline Delivery Service Tariff.

Auxier was properly billed the General Service ("GS") transportation rate by Columbia effective February 1, 1992. Columbia and Auxier executed a contract for this service in March 1992 establishing the GS rate as the legally applicable rate.

However, after Auxier raised objections to the applicability of the GS rate, both Auxier and Columbia met with Commission Staff on April 16, 1992 in an attempt to informally resolve the dispute. At that meeting Columbia and Auxier agreed to two conditions under which Auxier could receive Mainline Delivery Service. Both conditions were contained in Columbia's Mainline tariff on file with this Commission. Those conditions were that Auxier had to execute an Interruptible Sales Service Agreement, which was executed by Auxier on May 11, 1992; and, Auxier had to verify its ability to take a minimum 25,000 Mcf through its point of delivery. Auxier's affidavit to that effect was executed April 17, 1992.

After Auxier executed the Interruptible Sales Service Agreement on May 11, 1992, Columbia refused to sign the agreement. Instead Columbia insisted that Auxier provide "assurances" of payment for certain disputed amounts billed under the GS rate schedule since February 1, 1992. During the interim, while the parties attempted to resolve the GS billing dispute, Auxier made payments toward the arrearage of \$14,240.00 through June 16, 1992.

The Commission is unpersuaded with testimony provided by Columbia's witnesses that Auxier's arrearage was a legitimate reason to deny service under the Mainline Delivery Rate. Under present management, Auxier has not been a problem account and appears to have made payments for its gas supply in a manner acceptable to Columbia until the present dispute arose. Columbia has at its disposal other means by which to resolve billing disputes with intrastate utility customers such as Auxier and

should have pursued those means rather than denying Auxier and its customers the benefits of the Mainline rate.

IT IS THEREFORE ORDERED that:

1. Columbia shall, within 20 days of the date of this Order, forward to Auxier and the Commission a summary of net amounts due from Auxier under the GS rate schedule from February 1, 1992 to May 1, 1992. Payments made by Auxier shall be reflected in the summary.

2. Columbia shall, within 20 days of the date of this Order, forward to Auxier and the Commission revised billing to Auxier under the Interruptible Service and Mainline Delivery tariffs for the period May 1, 1992 to the date of this Order. Payments made by Auxier shall be reflected on the summary.

3. If Auxier's present gas supply arrangements have involved a cessation in service from Columbia, Columbia's response to paragraphs 1 and 2 above shall so indicate.

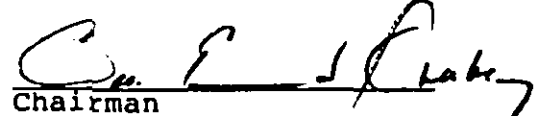
4. Auxier shall file with this Commission, within 20 days of receiving the above summary and revised billings from Columbia, a summary, by month, from February 1, 1992 to the date of this Order, of funds collected through its gas cost recovery mechanism.


5. Auxier shall remit to Columbia, within 5 days of its compliance with paragraph 4 above, all funds so collected under its gas cost recovery ("GCR"), net of amounts owed and paid to other suppliers, up to the amount due. All remaining funds shall be returned to Auxier's ratepayers through the actual adjustment portion of its next GCR filing, with the return of those funds to


be made over one quarter instead of the usual four quarters. If funds collected during those months were insufficient to pay Columbia the total amount due, Auxier shall in any event pay Columbia the total amount due and propose recovery of the remaining portion in its next GCR.

Done at Frankfort, Kentucky, this 29th day of January, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director